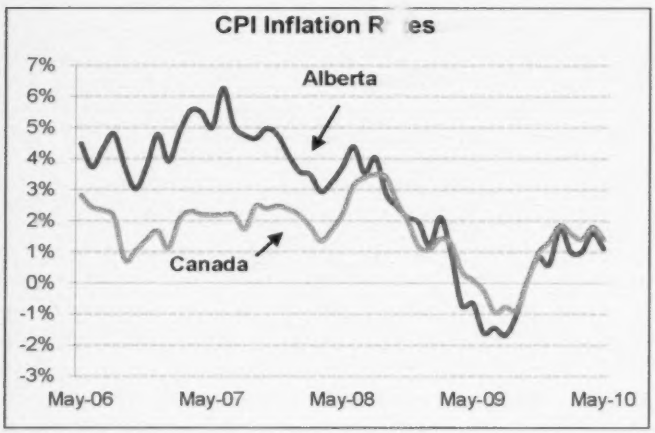
Consumer Price Index

Annual pace of inflation eases in May…

Alberta's all-items year-over-year inflation rate eased from 1.6% in April to 1.1% in May. Inflationary pressure from higher gasoline prices subsided in May, as prices at the pump were 6.9% higher on a year-over-year basis, compared to 11.0% in April. Food prices, which had fueled inflation previously, remained essentially unchanged from year-ago levels. Meanwhile, house replacement costs contributed to inflation in May, up 3.9% from a year ago. Excluding food and energy, Alberta's CPI eased from 1.4% in April to 0.9% in May, suggesting that inflationary pressures remain subdued.

Nationally, Canadian prices were 1.4% higher than in May 2009, lower than the 1.8% rate recorded in April. The Bank of Canada's (BoC) core CPI measure edged down slightly from 1.9% in April to 1.8% in May, still hovering slightly below the 2% medium-term target. With inflation still on the back burner and rising uncertainty in global markets, the BoC will cautiously proceed with its monetary tightening cycle.



Retail Sales

Sales decline in April…

Retail sales in Alberta fell 1.8% in April, following seven consecutive months of gains. Retail sales were hit hard during the recession with a peak-to-trough decline of 13.3% between March 2008 and March 2009. Since then, sales have recovered strongly (6.2% above the recession low), buoyed by low interest rates, improved consumer confidence and strong performance of the housing sector.

Canadian Dollar (US¢/C$)	
June 25, 2010	96.43
June 18, 2010	97.68
2010-11 YTD	97.45
WTI Oil US$/bbl	
June 24, 2010	$ 76.51
June 17, 2010	$ 76.79
2010-11 YTD	$ 78.11
Nymex Natural Gas C$/MMBtu*	
Near-month Contract	
June 25, 2010	$ 5.03
June 18, 2010$	$ 5.23

*Estimate based on Nymex Futures Market Price

Nationally, retail sales declined 2.0% between March and April, erasing the gains made in the previous month. Despite the decline, sales were 7.0% higher from a year ago. According to the national balance sheet accounts, consumers now face higher debt loads, nearly 150% of after-tax incomes on average. With interest rates expected to be raised gradually, debt servicing costs will increase. Combined with signs of cooling in the housing sector, this could have a dampening effect on retail sales going forward.

Average Weekly Earnings

Wages decline slightly in April…

Following three consecutive months of gains, average weekly earnings in Alberta declined 0.3% in April. Despite the decline, the April rate of $989.93 per week (seasonally adjusted) continues to be the highest in the country, well above the Canadian average of $845.25 per week. On a year-over-year basis , Alberta and Saskatchewan had the strongest wage growth in the country of 5.7%, significantly above the national average of 3.4%.

US GDP

First quarter growth revised down further…

US real GDP growth in the first quarter of 2010 was revised down to 2.7% on an annualized basis. Growth in the first quarter was initially estimated at 3.2% in April and was revised down to 3.0% in May. The report also suggested that inventory rebuilding, which is a temporary factor, contributed more to economic growth than previously thought, adding more than half to the GDP increase. Consumer spending, a key component of growth for the economy, was revised down to a 3.0% annual rate, from the prior estimate of 3.5%. On the positive side, first quarter corporate profits were revised up to 8%, from a previous estimate of 5.5%.

Current Economic Indicators

Population	2008	2009	2010YTD*	Dec	Jan	Feb	Mar	Apr	May
Population[1] (000's) (level)	3,596	3,688	3,708	--	3,712	--	--	--	--
% change	2.4	2.6	2.1	--	1.9	--	--	--	--
Net Interprovincial Migraton[1] (level)	15,317	23,006	-5,315	--	-2,780	--	--	--	--
Net International Migration[1] (level)	20,039	20,074	12,696	--	4,720	--	--	--	--
Net Non-permanent Residents[1] (level)	18,536	19,058	1,014	--	-1,425	--	--	--	--
Labour Market									
Employment (000's)	2,013	1,988	1,981	1,995	1,988	1,973	1,969	1,979	1,994
% change	2.8	-1.3	-0.7	-1.0	-1.6	-1.0	-1.0	-0.4	0.3
Unemployment Rate (%)	3.6	6.6	7.0	6.6	6.6	6.9	7.5	7.4	6.6
Participation Rate (%)	74.7	74.3	73.2	73.8	73.4	73.0	73.2	73.4	73.2
Average Weekly Earnings ($) NEW!	923.21	950.13	983.09	949.32	963.38	985.99	993.04	989.93	--
% change	6.0	2.9	2.5	0.2	1.6	2.1	3.0	5.7	--
Price Indices									
Consumer Price Index	3.1	-0.1	1.2	0.6	1.7	1.0	1.0	1.6	1.1
Excluding food and energy NEW!	2.1	1.4	1.1	0.7	1.1	1.3	0.8	1.4	0.9
Non-Res. Const. Cost Index[2] (quarterly)	13.2	-9.8	-5.0	-11.2	--	--	-5.0	--	--
Farm Product Price Index	11.5	-11.3*	--	--	--	--	--	--	--
Crops	26.7	-22.9*	--	--	--	--	--	--	--
Livestock	2.1	-0.8*	--	--	--	--	--	--	--
Household Sector									
Housing Starts (SAAR, 000's)	29.2	20.0	29.8	27.6	24.2	28.2	33.9	35.4	27.3
% change	-39.6	-31.6	121.1	54.2	55.1	139.0	164.8	174.4	90.9
New Housing Price Index	0.7	-9.0	-1.1	-6.3	-3.6	-1.4	-0.2	1.0	--
Edmonton	1.0	-11.2	-3.3	-9.4	-6.5	-3.3	-2.4	-1.0	--
Calgary	0.6	-6.7	1.2	-3.1	-0.6	0.4	2.0	2.9	--
MLS Average Resale Prices ($ 000's)	351.4	340.5	353.4	355.5	344.3	348.2	357.9	359.9	356.7
% change	-1.5	-3.1	7.3	7.5	6.4	5.1	10.3	7.7	7.1
Edmonton	330.8	319.1	329.0	333.4	322.7	327.6	341.4	332.1	321.0
% change	-2.0	-3.5	5.1	2.6	-0.7	2.6	11.0	8.7	4.4
Calgary	401.1	384.3	398.2	400.3	386.4	395.1	398.2	401.3	410.4
% change	-2.9	-4.2	7.1	8.8	5.5	5.2	9.0	6.4	9.2
Retail Sales[3] NEW!	0.2	-8.3	6.1	1.9	1.0	6.6	11.2	5.8	--
New Motor Vehicle Sales	-7.3	-21.7	9.8	2.7	-4.8	24.0	15.3	6.9	--
Consumer Bankruptcies	6,066	9,986	2097	634	684	637	776	--	--
% change	27.2	64.6	-10.9	4.6	-1.7	-9.8	-18.4	--	--
Business Sector									
Rigs Drilling	236	128	193	227	287	339	219	62	56
% change	-2.1	-45.6	41.5	-3.8	9.3	42.3	103.5	51.9	76.4
Goods Exports (customs based)	34.6	-37.3	16.1	-14.1	2.1	19.6	18.5	27.8	--
Energy	42.5	-41.4	29.5	-12.4	8.1	36.7	32.8	48.8	--
Agriculture	32.0	-10.2	-20.4	-24.9	-10.4	-20.1	-9.6	-27.6	--
Total Farm Cash Receipts (quarterly)	17.2	-8.1	-17.3	--	--	--	-17.3	--	--
Manufacturing Shipments	7.0	-21.6	7.0	-3.5	-0.1	4.7	10.5	13.3	--
Wholesale Trade[4]	9.5	-15.9	-0.6	-13.7	-12.2	-2.1	6.3	5.0	--
Building Permits	-16.5	-14.2	38.3	57.0	32.1	69.1	41.4	23.5	--
Residential	-31.5	-11.8	104.1	57.1	156.4	172.1	91.3	63.0	--
Non-residential	3.7	-16.3	-6.6	56.9	-25.9	4.3	2.0	-6.8	--
Business Bankruptcies	447	405	105	32	27	30	48	--	--
% change	-0.4	-9.4	-7.9	6.7	-30.8	-31.8	54.8	--	--

Government of Alberta ■
Finance and Enterprise

Alberta ■

* YTD – year-to-date represents the change since the beginning of the year compared to the same period in the previous year.

[1] Quarterly; annual numbers are presented on a census year basis (July 1 - June 30).

[2] Average of Calgary and Edmonton

[3] The Retail Sales series was revised on April 23, 2010 and is no longer comparable with numbers in previous Bulletins.

[4] The Wholesale Trade series was revised on April 21, 2010 and is no longer comparable with numbers in previous Bulletins.

Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Current Economic Indicators by Province